

FISCAL NOTE

HB 429 – SB 931

March 12, 2007

SUMMARY OF BILL: Revokes the eligibility for franchise and excise tax exemptions or tax credits, for any person or business that knowingly employs illegal immigrants in this state. Such eligibility would be revoked for the tax year in which the Department of Revenue (DOR) discovers the employment relationship.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$354,000 Recurring
\$170,000 One-Time**

Other Fiscal Impact – An increase to franchise and excise tax revenues for the state. However, the extent of any increased state revenues cannot be quantified because any such amount is dependent upon multiple unknown factors.

Assumptions:

- “Illegal immigrant” means a person who is not authorized by law to be present in the United States.
- The fiscal impact of this bill is dependent upon several unknown factors such as: (1) the number of franchise and excise (F&E) taxpayers eligible for tax exemptions or tax credits, (2) the extent of such tax exemptions and/or tax credits, (3) the extent F&E taxpayers employ illegal immigrants, and (4) the extent non-compliant taxpayers can be detected by the Department of Revenue (DOR).
- According to DOR, the Tax Enforcement Division would need seven (7) Revenue Enforcement Officer 2 positions to enforce the provisions of this bill.
- The recurring increase to state expenditures for the new positions is estimated to be \$354,000 per year.

- The one-time increase to state expenditures for computer and software enhancements and for costs related to the new positions (telecommunications, supplies, office set-up, etc.) is estimated to be \$170,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director